

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 FRB-02 SP-03 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

INR-10 NSAE-00 COME-00 DRC-01 /105 W

----- 084285

R 110935Z JUL 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3254

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

USEC MISSION BRUSSELS

USOECD MISSION PARIS

CONFIDENTIAL TOKYO 9174

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: GDS

TAGS: EFIN, JA

SUBJECT: FOREX MARKET DEVELOPMENTS

REF: TOKYO 9062

SUMMARY: YEN AGAIN WEAKENED SHARPLY IN MOST RECENT TWO TRADING DAYS (JULY 10-11) DROPPING TO 294.50 (REPRESENTATIVE RATE) ON THURSDAY, JULY 11. TRADING VOLUME, HOWEVER, HAS CONTINUED TO REMAIN RELATIVELY MODERATE. BOJ  
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OFFICIAL INDICATED SMALL AMOUNT OF CENTRAL BANK INTER-

VENTION (DOLLAR SALES) UNDERTAKEN ON JULY 11. END  
SUMMARY.

1. IN MOST RECENT TWO TRADING DAYS SPOT YEN RATE HAS DECLINED FROM LEVEL OF YEN 288.30 PER DOLLAR ON JULY 9 TO YEN 294.50 PER DOLLAR (REPRESENTATIVE RATE) ON JULY 11. ON JULY 11 SPOT YEN RATE WEAKENED YEN 4.0 DURING FIRST HOUR OF MORNING TRADING SESSION. BOJ OFFICIAL ATTRIBUTED THIS RAPID MOVE TO PSYCHOLOGICAL CONCERNS IN MARKET, BUT NOT TO ANY BASIC SUPPLY/DEMAND DIS-EQUILIBRIUM. SAME OFFICIAL INDICATED THAT BOJ UNDER-TOOK INTERVENTION TO EXTENT OF SALE OF FEW MILLION DOLLARS IN LATE MORNING SESSION. THIS REPRESENTS FIRST TIME BOJ HAS INTERVENED IN MARKET TO ANY SIGNIFICANT DEGREE SINCE APRIL. TRADING WAS THEN CALMER IN AFTERNOON WITH RATE FALLING TO YEN 292.15 PER DOLLAR BY SESSION'S CLOSE. TOTAL VOLUME IN SPOT MARKET REGISTERED \$95 MIL ON JULY 11 AND \$60 MIL ON JULY 10.

2. FORWARD YEN RATES HAVE ALSO WEAKENED IN RECENT DAYS, BUT CONTINUE TO SELL AT DISCOUNT TO SPOT. THREE-MONTH FORWARD CLOSED ON JULY 11 AT YEN 291.30 PER DOLLAR, WEAKENING BY YEN 3.60 FROM PREVIOUS DAY'S CLOSE. JULY 11 CLOSING FORWARD QUOTES REPRESENT 4.35 PERCENT AND 2.17 PERCENT DISCOUNTS, RESPECTIVELY, FOR THREE- AND SIX-MONTH FORWARDS. TOTAL VOLUME IN FORWARD MARKET REGISTERED \$11.5 MIL ON JULY 11 COMPARED TO \$86.3 MIL ON PREVIOUS DAY. TOTAL VOLUME IN SWAP MARKET REGISTERED \$59 MIL ON JULY 11.

CULBERT

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NNN

## Message Attributes

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